

CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC.**AUDIT REPORT****JANUARY 31, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **DEC 04 2013**

Terrie L. Jackson
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Child Development Council of Acadiana, Inc.
Opelousas, Louisiana

We have audited the accompanying financial statements of Child Development Council of Acadiana, Inc. (CDCAI), which comprise the statements of financial position as of January 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Development Council of Acadiana, Inc. as of January 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Further, the supplemental schedules listed on pages 22 – 23 of this report are presented for purposes of additional analysis and are also not a required part of these financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2013, on our consideration of Child Development Council of Acadiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CDCAI's internal over financial reporting and compliance.



Houston, Texas
July 29, 2013

CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC
Statements of Financial Position
January 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets:		
Cash and cash equivalents	\$ 234,025	\$ 402,258
Grants receivable	<u>264,093</u>	<u>447,974</u>
	498,118	850,232
 Deferred costs	 42,365	 -
 Fixed Assets		
Buildings and improvements	7,709,749	8,795,077
Land	231,500	231,500
Furniture and equipment	1,329,690	1,329,690
Vehicles	<u>2,192,876</u>	<u>2,192,876</u>
	11,463,815	12,549,143
Accumulated depreciation	<u>(5,177,532)</u>	<u>(4,761,870)</u>
	6,286,283	7,787,273
 Total Assets	 <u>\$ 6,826,767</u>	 <u>\$ 8,637,505</u>
 Liabilities and net assets:		
Accounts payable and accruals	\$ 683,140	\$ 893,525
Due to Federal Government	-	1,085,328
Construction payable	-	95,009
Bank overdraft	<u>-</u>	<u>-</u>
 Total liabilities	 683,140	 2,073,862
 Net assets:		
Unrestricted	697,717	(449,020)
Temporarily restricted	0	65,764
Permanently restricted	<u>5,445,909</u>	<u>6,946,899</u>
 Total net assets	 6,143,626	 6,563,643
 TOTAL	 <u>\$ 6,826,767</u>	 <u>\$ 8,637,505</u>

See accompanying notes.

CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC.

Statements of Activities

January 31, 2013 and 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2012 Total</u>
<u>Revenues, gains, and other support:</u>								
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Head Start Grant	-	7,420,617	-	7,420,617	-	6,958,661	-	6,958,661
Child and Adult Care Food Program	-	641,869	-	641,869	-	642,693	-	642,693
ARRA	-	-	-	-	-	464,200	-	464,200
Other	87,306	-	-	87,306	82,420	-	-	82,420
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	87,306	8,062,486	-	8,149,792	82,420	8,065,554	-	8,147,974
<u>Net assets released from restrictions</u>								
Satisfaction of program restrictions	8,062,486	(8,062,486)	-	-	7,999,790	(7,999,790)	-	-
Satisfaction of renovation/equipment	-	-	-	-	-	-	-	-
Unapproved Building acquisition	-	-	-	-	-	-	-	-
Expirations of time restrictions	<u>415,662</u>	<u>-</u>	<u>(415,662)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	8,478,148	(8,062,486)	(415,662)	-	7,999,790	(7,999,790)	-	-
Total unrestricted revenues, gains, and other support	8,565,454	-	(415,662)	8,149,792	8,082,210	65,764	-	8,147,974
<u>Expenses and losses:</u>								
Head Start Program	7,836,279	-	-	7,836,279	7,357,097	-	-	7,357,097
Other General	3	-	-	3	225,973	-	-	225,973
Child and Adult Care Food Program	<u>733,527</u>	<u>-</u>	<u>-</u>	<u>733,527</u>	<u>642,693</u>	<u>-</u>	<u>-</u>	<u>642,693</u>
Total expenses and losses	8,569,809	-	-	8,569,809	8,225,763	-	-	8,225,763
Changes in net assets	(4,355)	-	(415,662)	(420,017)	(143,553)	65,764	-	(77,789)
Net assets at beginning of year	(449,020)	65,764	6,946,899	6,563,643	(305,466)	-	6,946,899	6,641,433
Transfer out	-	(65,764)	(1,085,328)	(1,151,092)	-	-	-	-
Transfer in	<u>1,151,092</u>	<u>-</u>	<u>-</u>	<u>1,151,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	\$ 697,717	\$ -	\$ 5,445,909	\$ 6,143,626	\$ (449,019)	\$ 65,764	\$ 6,946,899	\$ 6,563,644

See accompanying notes.

CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC
Statements of Cash Flows
For the Years Ended January 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Cash flows from operating activities</u>		
Cash received from grants	\$ 8,246,367	\$ 8,034,029
Other income	87,306	82,420
Interest and donations	-	-
Cash paid to employees and suppliers	(8,459,541)	(7,808,981)
Interest expense	-	(4,271)
	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	(125,868)	303,197
<u>Cash flows from investing activities</u>		
Deferred cost	(42,365)	-
Capital expenditures	-	-
	<u> </u>	<u> </u>
Net cash provided (used) by investing activities	(42,365)	-
 Net increase (decrease) in cash	 (168,233)	 303,197
 Cash at beginning of year	 <u>402,258</u>	 <u>99,060</u>
 Cash at end of year	 \$ 234,025	 \$ 402,257
 <u>Reconciliation of change in net cash to net cash provided (used) by operating activities</u>		
Change in net assets	\$ (420,017)	\$ (77,790)
Adjustments		
Net cash used by operating activities.		
Depreciation	415,662	-
Change in receivable	183,881	(31,524)
Change in accounts payable	(305,394)	412,511
	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	\$ (125,868)	\$ 303,197

CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC
STATEMENTS OF FUNCTIONAL EXPENSES
JANUARY 31, 2013

	HEAD <u>START</u>	EARLY HEAD <u>START</u>	<u>ARRA</u>	<u>CACFP</u>	<u>GENERAL</u>	FIXED <u>ASSETS</u>	2013 <u>TOTAL</u>
Personnel	\$ 3,643,557	\$ 843,321	-	\$ 276,204	\$ 91,658	\$ -	\$ 4,854,740
Fringe benefits	744,979	104,718	-	-	-	-	849,697
Travel and training	74,913	5,085	-	-	-	-	79,998
Professional & contractual	141,478	23,183	-	-	-	-	164,661
Supplies and postage	286,447	95,098	-	-	-	-	381,545
Space costs	328,989	93,170	-	-	-	-	422,159
Insurance	125,714	12,981	-	-	-	-	138,695
Food and supplies	351,738	49,482	-	365,664	3	-	766,888
Other child services	10,925	1,500	-	-	-	-	12,425
Parent activities	30,877	388	-	-	-	-	31,265
Maintenance	204,737	-	-	-	-	-	204,737
Staff development	141,532	25,904	-	-	-	-	167,436
Training & technical assistance	31,395	8,692	-	-	-	-	40,087
Renovations & maintenance	-	-	-	-	-	-	-
Transition activities	7,706	-	-	-	-	-	7,706
Contingent assessment	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Inspection/licenses	32,029	78	-	-	-	-	32,107
	6,157,017	1,263,600	-	641,869	91,661	-	8,154,147
Depreciation	415,662	-	-	-	-	-	415,662
TOTAL	\$ 6,572,679	\$ 1,263,600	\$ -	\$ 641,869	\$ 91,661	\$ -	\$ 8,569,809

CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC
STATEMENTS OF FUNCTIONAL EXPENSES
JANUARY 31, 2012

	HEAD <u>START</u>	EARLY HEAD <u>START</u>	<u>ARRA</u>	<u>CACFP</u>	<u>GENERAL</u>	<u>FIXED ASSETS</u>	2012 <u>TOTAL</u>
Personnel	\$ 3,564,255	\$ 795,888	330,313	\$ 258,623	\$ 188,863	\$ -	\$ 5,137,943
Fringe benefits	750,095	35,124	20,218	5,086	-	-	810,522
Travel and training	278,343	1,373	1,236	-	-	-	280,951
Professional & contractual	-	3,600	-	-	-	-	3,600
Supplies and postage	227,056	173,814	28,932	-	-	-	429,803
Space costs	348,716	43,318	5,659	1,127	-	-	398,820
Insurance	128,280	8,746	-	-	-	-	137,026
Food and supplies	282,130	851	33	377,856	-	-	660,870
Other child services	193,735	270	-	-	32,839	-	226,845
Parent activities	4,346	149	66	-	-	-	4,561
Maintenance	-	-	-	-	-	-	-
Staff development	-	-	-	-	-	-	-
Training & technical assistance	46,400	7,607	11,980	-	-	-	65,987
Renovations & maintenance	-	-	-	-	-	-	-
Transition activities	12,933	-	-	-	-	-	12,933
Contingent assessment	-	-	-	-	-	-	-
Interest expense	-	-	-	-	4,271	-	4,271
Inspection/licenses	<u>51,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,632</u>
	5,887,920	1,070,742	398,436	642,692	225,973	-	8,225,763
Depreciation	-	-	-	-	-	-	-
TOTAL	<u>\$ 5,887,920</u>	<u>\$ 1,070,742</u>	<u>\$ 398,436</u>	<u>\$ 642,692</u>	<u>\$ 225,973</u>	<u>\$ -</u>	<u>\$ 8,225,763</u>

**CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Program Description -

The Child Development Council of Acadiana, Inc. was incorporated by the laws of the State of Louisiana. Specifically, the corporation is organized to:

- A. be supportive of the general goals and objectives of Early Childhood Development Programs in St. Landry Parish,
- B act as a catalyst in increasing volunteer services to these programs,
- C. be an information and referral source to families needing services, and
- D. have such powers as are provided by the Act to carry out the objectives herein described.

CDCAI's operations are segregated into general grant programs as follows: Head Start Program provides educational and support services to low-income and disabled children three to five years of age and children who have not reached the compensatory school age. Early Head Start Program provides the same services to children zero to three years of age. CDCAI operates Head Start and Early Head Start centers in St. Landry Parish. The goal of the program is to bring about a greater depth of social competence in children by considering the total development of the child.

Health, Mental Health, Nutrition, Education and Parent Involvement Services enable a child to function at an optimum level in their environment.

Reporting Entity - The governing body of CDCAI is its Board of Directors. The Board appoints an Executive Director to administer the affairs of CDCAI. CDCAI is not considered a component of the city, parish or any governmental body. The governing board independently oversees CDCAI's operations.

- 1) The accompanying financial statements include all of the organization's programs, activities and functions of CDCAI for which the Board has oversight responsibility, except as described in the following paragraph. Such oversight responsibilities include designation of management, the ability to significantly influence operations, accountability for fiscal matters, and the scope of public services.
- 2) The equipment is owned by CDCAI while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary

CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2013

(Continued)

interest in the equipment purchased with grant funds, before its disposition, as well as the ownership of any sale proceeds therefrom is subject to funding source regulations.

NOTE 2: BASIS OF ACCOUNTING

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles. CDCAI uses the accrual basis of accounting.

Financial Statement Presentation – The financial statements are presented as recommended by Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. FASB ASC 958-205 requires the agency to report information regarding its financial position and activities into three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Grant revenues (Grants and Governmental reimbursements) are recognized using the legal and contractual requirements of the Agency's programs as guidance. Grant revenues (where funds must be expended for specific purposes prior to amount being reimbursed to the Agency) are recognized based on expenditures recorded.

CDCAI reports grants and gifts of cash and other assets as restricted support if they are received with donor or grant stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donations – Contributed materials and donated facilities are recognized as contributions at fair market value. Related expenses are recognized as the items are used.

CDCAI recognizes depreciation on its fixed assets in accordance with generally accepted accounting principles. The Federal Grantor retains a reversionary interest in all fixed assets acquired with funds provided. These assets are accounted for as being permanently restricted.

Fixed assets are stated at cost and have estimated useful lives as follows:

<u>Fixed Asset</u>	<u>Useful Life</u>	<u>Method</u>
Buildings/improvements	20-30 years	Straight-line
Buses	10 years	Straight-line
Vehicles	5 years	Straight-line
Equipment	5 years	Straight-line

CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2013

(Continued)

Depreciation expense for the year ended January 31, 2013 totaled \$415,662. No depreciation was recorded for the year ended January 31, 2012.

Income Taxes – CDCAI is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as a private corporation. Income from certain activities not directly related to CDCAI's tax-exempt purpose is subject to taxation as unrelated business income. CDCAI had no such income during the audit period.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, CDCAI considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. CDCAI had no cash equivalents at January 31, 2013 and 2012.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the reported revenues and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 3: PROGRAM EXPENSES

Net assets were released from grantor restrictions by incurred expenses satisfying the restricted purposes or by occurrence of other events specified by funding sources.

Purpose restrictions accomplished	
Head Start Program	\$7,420,617
ARRA HS/EHS	---0---
Child & Adult Care Food Program	<u>641,869</u>
Total	\$8,062,486

NOTE 4: LEASE COMMITMENTS

CDCAI leases a postage machine under an operating lease. The rental costs for the period ending January 31, 2013 was \$816. The Council does not have any lease agreements that contain non-cancelable terms in excess of one year.

CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2013

(Continued)

NOTE 5: GRANTS RECEIVABLE

Grants receivable represent the following:

<u>Grants Receivable</u>	2013 <u>Amount</u>	2012 <u>Amount</u>
Department of HHS	\$ 141,792	\$ 375,661
Child and Adult Care Food	<u>122,301</u>	<u>72,313</u>
Total Grants Receivable	\$ 264,093	\$ 447,974

NOTE 6: CASH BALANCES

<u>Schedule of Cash Balances</u>	2013 <u>Amount</u>	2012 <u>Amount</u>
General Cash	\$ 134,957	\$ -
Payroll	2,907	79,807
SW Child Fund	-	-
Student Fund	-	-
Head Start	3,742	216,532
CACFP	<u>92,418</u>	<u>105,919</u>
Total Cash at End of Year	\$ 234,024	\$ 402,258

NOTE 7: DUE TO FEDERAL GOVERNMENT

<u>Due to Federal Government</u>	2013 <u>Amount</u>	2012 <u>Amount</u>
Unauthorized Head Start Expenses	\$ -	\$ 1,085,328
Total Due to Federal Government	\$ -	\$ 1,085,328

NOTE 8: CONCENTRATION OF CREDIT RISK

CDCAI received over 98% of its funding from Federal and State grants with the Head Start program providing over 91% of all grant revenues.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of January 31, 2013, CDCAI had no significant concentrations of credit risk in relation to grant receivables.

**CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2013**

(Continued)

NOTE 9: SATISFACTION OF DEBT TO FEDERAL GOVERNMENT

In the previous year the Council recorded a liability in the amount of \$1,085,328.00 as being owed to the Department of Health and Human Services (HHS). In lieu of cash payment, the Agency transferred by a Deed of Ownership 54.7% ownership of the 9,000 square foot facility to HHS on or about July 26, 2012. The 54.7% represents the percentage of HHS funds (the numerator) used to construct the facility.

The Deed stipulates that the Agency cannot sell, lease or rent the facility to anyone else without express written permission of HHS. The Agency also agrees to not sell or use the facility for collateral to obtain loans and/or for any purpose without express written permission of the approving official of HHS.

The Agency has exclusive partial ownership along with HHS of the facility. The facility shall be used by the Agency to carry out Head Start Program activities and services.

In addition, the Council filed an appeal with the Departmental Appeals Board.

NOTE 8: SUBSEQUENT EVENTS

Subsequent events were evaluated through July 29, 2013, the date that the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC.
Schedule of Expenditures of Federal Awards
For the year ended January 31, 2013

Federal Grantor/Pass through Grantor/ Program Title	Grant Period	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Program				
Head Start Program	2/1/12 - 1/31/13	93 600	06CH0439/18	\$ 7,420,617
 U. S. DEPARTMENT OF AGRICULTURE				
Child and Adult Care Food Program	2/1/12 - 1/31/13	10 558	Unknown	641,869
Total				<u>\$ 8,062,486</u>

RECONCILIATION OF FINANCIAL EXPENSES TO FEDERAL AWARDS SCHEDULE

TOTAL EXPENSES	8,569,809
Less:	
General Expenses	(91,661)
Depreciation	(415,662)
Plus Fixed Asset Acquisitions	-
Federal Expenditures	<u>\$ 8,062,486</u>

Child Development Council of Acadiana, Inc.
Notes to Schedule of Expenditures of Federal Awards
January 31, 2013

Basis of Presentation – Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes federal grant activity of Child Development Council of Acadiana, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Child Development Council of Acadiana, Inc. It is not intended to and does not present the financial position, changes in net assets or cash flows of Child Development Council of Acadiana, Inc.

CDCAI is able to reconcile the amounts on the accompanying schedule of expenditures of federal awards to those on the financial statements.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Child Development Council of Acadiana, Inc.
Opelousas, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Child Development Council of Acadiana, Inc. (CDCAI), which comprise the statements of financial position as of January 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CDCAI's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CDCAI's internal control. Accordingly, we do not express an opinion on the effectiveness of CDCAI's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CDCAI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "T. Jackson", is written over the typed name.

Houston, Texas
July 29, 2013

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Child Development Council of Acadiana, Inc.
Opelousas, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Child Development Council of Acadiana, Inc.'s (CDCAI's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of CDCAI's major federal programs for the year ended January 31, 2013. Child Development Council of Acadiana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of CDCAI's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CDCAI's compliance

with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CDCAI's compliance.

Opinion on Each Major Federal Program

In our opinion, Child Development Council of Acadiana, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended January 31, 2013.

Report on Internal Control over Compliance

Management of Child Development Council of Acadiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CDCAI's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CDCAI's internal control over compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose

A handwritten signature in black ink, appearing to read "Terry Jackson". The signature is fluid and cursive, with a large initial "T" and "J".

Houston, Texas

July 29, 2013

**Child Development Council of Acadiana, Inc.
Summary Schedule of Prior Audit Findings
January 31, 2013**

Finding 2012 – 1 (B) Departure from Generally Accepted Accounting Principles (GAAP)

Condition: Child Development Council of Acadiana, Inc. did not record depreciation for the year ended January 31, 2012.

Status: Depreciation was recorded for the year ended January 31, 2013 Condition no longer exists.

**CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JANUARY 31, 2013**

A. Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

Material weaknesses identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs

Material weaknesses identified? No

Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major programs:
Unmodified

Any audit findings disclosed that are required to be reported in
accordance with section 510(a) of OMB Circular A-133? No

Identification of major programs:
CFDA Numbers

93 600 (Head Start)

10.558 (Child & Adult Care Food Program)

Dollar threshold used to distinguish between type A and type B
programs: \$300,000

Auditee qualified as low-risk auditee? No

B. Section II – Financial Statement Findings

None reported.

C. Section III – Federal Award Findings and Questioned Costs

None reported.

CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC

Combining Statements of Financial Position

January 31, 2013 and 2012

	<u>HEAD START</u>	<u>ARRA</u>	<u>GENERAL</u>	<u>CACFP</u>	<u>SW CHILD FUND</u>	<u>LOCAL FUND</u>	<u>PAYROLL GENERAL</u>	<u>TECHE LOCAL FUND</u>	<u>FIXED ASSET</u>	<u>2013</u>	<u>2012</u>
Assets:											
Current Assets											
Cash and cash equivalents	\$ 3,743	\$ -	\$ -	\$ 92,418	\$ -	\$ -	\$ 134,957	\$ 2,907	\$ -	\$ 234,025	\$ 402,258
Grants receivable	<u>141,792</u>	<u>-</u>	<u>-</u>	<u>122,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,093</u>	<u>447,974</u>
Total	145,535	-	-	214,719	-	-	134,957	2,907	-	498,118	850,232
Deferred costs	42,365	-	-	-	-	-	-	-	-	42,365	-
Fixed Assets											
Buildings and improvements	-	-	-	-	-	840,374	-	-	6,869,375	7,709,749	8,795,077
Land	-	-	-	-	-	-	-	-	231,500	231,500	231,500
Furniture and equipment	-	-	-	-	-	-	-	-	1,329,690	1,329,690	1,329,690
Vehicles	-	-	-	-	-	-	-	-	2,192,876	2,192,876	2,192,876
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,177,532)</u>	<u>(5,177,532)</u>	<u>(4,761,870)</u>
Total	-	-	-	-	-	840,374	-	-	5,445,909	6,286,283	7,787,273
TOTAL	\$ 187,900	\$ -	\$ -	\$ 214,719	\$ -	\$ 840,374	\$ 134,957	\$ 2,907	\$ 5,445,909	\$ 6,826,767	\$ 8,637,505
Liabilities and net assets.											
Accounts payable and accruals	187,900	-	188,863	214,719	-	-	91,658	-	-	683,140	\$ 893,525
Refund to Federal Government	-	-	-	-	-	-	-	-	-	-	1,085,328
Construction Payable	-	-	-	-	-	-	-	-	-	-	95,009
Bank overdrafts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	187,900	-	188,863	214,719	-	-	91,658	-	-	683,140	2,073,862
Net assets:											
Unrestricted	-	-	(188,863)	-	-	840,374	43,299	2,907	-	697,717	(449,020)
Temporarily restricted	(0)	-	-	0	-	-	-	-	-	(0)	65,764
Permanently restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,445,909</u>	<u>5,445,909</u>	<u>6,946,899</u>
	(0)	-	(188,863)	0	-	840,374	43,299	2,907	5,445,909	6,143,626	6,563,643
TOTAL	\$ 187,900	\$ -	\$ -	\$ 214,719	\$ -	\$ 840,374	\$ 134,957	\$ 2,907	\$ 5,445,909	\$ 6,826,767	\$ 8,637,505

CHILD DEVELOPMENT COUNCIL OF ACADIANA, INC

Combining Statements of Activities

January 31, 2013 and 2012

	<u>HEAD START</u>	<u>ARRA</u>	<u>GENERAL</u>	<u>CACFP</u>	<u>LOCAL FUND</u>	<u>PAYROLL GENERAL</u>	<u>TECHE LOCAL FUND</u>	<u>STUDENT FUND</u>	<u>FIXED ASSET</u>	<u>2013</u>	<u>2012</u>
REVENUES											
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Head Start Grant	7,420,617	-	-	-	-	-	-	-	-	7,420,617	6,958,661
CACFP	-	-	-	641,869	-	-	-	-	-	641,869	642,693
ARRA	-	-	-	-	-	-	-	-	-	-	464,200
Other	-	-	-	-	15,202	69,194	2,910	-	-	87,306	82,420
Donations	-	-	-	-	-	-	-	-	-	-	-
Total	7,420,617	-	-	641,869	15,202	69,194	2,910	-	-	8,149,792	8,147,974
Head Start	6,015,035	-	-	-	-	-	-	-	415,662	6,430,697	6,286,356
Early Head Start	1,263,600	-	-	-	-	-	-	-	-	1,263,600	1,070,742
General	-	-	-	-	-	-	3	-	-	3	225,973
CACFP	141,982	-	-	641,869	-	91,658	-	-	-	875,509	642,692
Total	7,420,617	-	-	641,869	-	91,658	3	-	415,662	8,569,809	8,225,763
Change in Net Assets	\$ -	\$ -	\$ -	\$ -	\$ 15,202	\$ (22,464)	\$ 2,907	\$ -	\$ (415,662)	\$ (420,017)	\$ (77,789)
Beginning Net Assets	-	65,763	(1,274,191)	-	825,172	-	-	-	6,946,899	6,563,643	\$ 6,641,431
Transfer In	-	-	1,085,328	-	-	65,763	-	-	-	1,151,091	-
Transfer Out	-	(65,763)	-	-	-	-	-	-	(1,085,328)	(1,151,091)	-
Net Assets											
Unrestricted	-	-	(188,863)	-	840,374	43,299	2,907	-	-	697,717	(449,020)
Temporarily restricted	-	-	-	-	-	-	-	-	-	-	65,763
Permanently restricted	-	-	-	-	-	-	-	-	5,445,909	5,445,909	6,946,898
Total Net Assets	\$ -	\$ -	\$ (188,863)	\$ -	\$ 840,374	\$ 43,299	\$ 2,907	\$ -	\$ 5,445,909	\$ 6,143,626	\$ 6,563,641